

*Committee strengthens regulation to protect consumers from deceptive and abusive financial products*

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Washington, DC — Today, the Financial Services Committee approved legislation that will establish a new, independent federal agency solely devoted to protecting Americans from unfair and abusive financial products and services. As called for by President Obama, the Consumer Financial Protection Agency (CFPA) represents one of the most significant efforts by Congress to bring about long overdue financial reform and ensure that Americans are able to take advantage of capitalism's benefits without falling victim to industry abuses. As last year's crisis demonstrated, deceptive financial products – such as predatory mortgages and hidden credit card fees – not only damage the livelihoods of American families, but can destabilize the entire economy.

The creation of the CFPA will finally put the interests of consumers at the forefront of the federal government's attention and enforcement efforts. As outlined in H.R. 3126, the agency's mission will be to promote a fair and transparent marketplace for financial products and to safeguard the American public from abusive industry tactics. In an unprecedented move, the bill also extends federal supervision to a host of financial industries, such as payday lenders and mortgage originators, which have long escaped oversight.

A summary of the bill, which was approved by a vote of 39-29, can be viewed [here](#). The committee today also defeated a large number of Republican amendments intended to prevent or weaken the CFPA."

We have experienced the failings of our current regulatory structure in which the agencies that are charged with protecting consumers from predatory practices have fallen asleep at the wheel. And the consumers who are most vulnerable to predatory products have gone largely unprotected," said Congressman Luis V. Gutierrez (D-IL), Chairman of the Subcommittee on Financial Institutions and Consumer Credit.

Rep. Gutierrez continued, "By relieving safety and soundness regulators like the Federal Reserve from having to oversee consumer products, we're improving the odds that predatory practices in mortgages and credit cards ---as well as the payday lending and remittance industries-- will be stopped before they can do more harm to the millions of American consumers who use them everyday. The status quo is unacceptable. Taxpayers deserve an institution that guards them from misuse and abuse of their hard-earned dollars. And we are long overdue in providing them the watchdog they deserve."

Currently, consumer protection rule-making and authority is spread across several different agencies, all of which have failed repeatedly to use the tools provided by Congress to protect Americans. H.R. 3126 addresses this inaction by transferring consumer protection authority from the Federal Reserve and other federal regulators to the CFPB. The consolidation of these powers at the CFPB also ensures that financial firms will no longer be able to shop around for the weakest regulator to supervise their products.

In addition, the agency will closely monitor the marketplace for any new financial products or services that could potentially harm consumers as well as the larger economy. Once the agency identifies these threats or abuses, it will have the power to write rules that can regulate, restrict or ban them. It will also have the power to establish guidelines so that companies issue clear and fair disclosures to customers on products such as credit cards and mortgages.

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